

I am Shirley Stieger and this is my husband Lee Stieger, we are co-owners of the Union Park Guest House B&B in Leavenworth KS. We are here today to support 17-1439. It is our belief that the guesthouses in KS should be treated the same way a traditional Bed and Breakfast is, namely the tax structure should be the same.

Right now I want to share with you our entry into the Bed & Breakfast industry. 8 years ago our house shared a yard with a dirty little run-down bungalow that was not only an eye sore but a nuisance in the neighborhood. Various people owned and each managed to downgrade the property even more.

We purchased the house when it went back to the bank for about \$40,000. Which sounds cheap but we put about \$60,000 in it plus one year of our labor. Lee did repairs, refinishing and I did painting, wall papering and decorating. AS a result of this effort it was placed on the National Register of Historic Homes.

For 7 years we have operated as a B&B with one or two night stays and as long as 3 months.

The reason we believe guesthouses should be taxed at the same rate as a traditional B&B is for the following reasons.

1. We rent the unit to only one party at a time. Traditional B&Bs can have several bedrooms and have the potential to make more money on a given night by renting more rooms.
2. Most guesthouses are small and have only one or two bedrooms, again limiting the number of guests we can accommodate.
3. The guesthouse has to support itself, there is no sharing of common space that the owner can benefit from. The guesthouse has the same expenses as a traditional B&B such as mortgage, utilities, fire insurance, liability insurance and the taxes. Because there is no sharing involved the chance of making money on this venture is limited.
4. We have worked hard to promote our business and give quality service to our guests but the additional tax we have been charged this last year has left us unable to continue with this business.
5. The rate change from residential to commercial has more than doubled our taxes.
6. What this mean to us is that our margin of profit is nonexistent. We simply cannot make a profit at the commercial tax rate.

I'd like to share with you a breakdown of our business in Leavenworth, KS.

In the 7 years we have been in business we have had -

68% of guests from out of state,
18% of guests from Kansas

4% were international guests
8% of guests from Leavenworth or Fort Leavenworth.

The other point I'd like to make is that this little house resides in a residential neighborhood, in a Historic District, it cannot be used for any other commercial endeavor. It is not zoned commercial, it has no parking other than two spaces on the street and it is in a poor location for a business.

We believe that all guesthouses in KS should be taxed at the residential rate because they simply are not big money makers.

They do, however, serve a need in communities around the state.

- 1 They serve small towns that do not have motels
- 2 They serve rural areas all over KS during hunting season
- 3 In our case we serve guests who do not want to stay in old, sometimes not clean hotels
- 4 Leavenworth has a new hotel but it has already been reserved for the remainder of the year. If we can no longer serve these people they go across the river to Missouri.

We had hoped to do extended stay but as of today we have not received one call this year for that. As the only B&B in Leavenworth/ Lansing we continue to get calls for the B&B.

If you're to check you would find that the money coming in from the food that is purchased, the gifts and shopping along with gas that is used could offset the decrease in property taxes and while you are at it, see what the state is paying to bring tourists into the state. We have customers who are already coming into the state to stay at our little guesthouses, help us keep these small businesses open by approving this measure.

Respectfully submitted

Shirley and Lee Stieger